

**PART 2A OF FORM ADV  
FIRM BROCHURE**

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This Brochure provides information about the qualifications and business practices of Catalyst Investment Management Co., L.L.C. ("Catalyst"). If you have any questions about the contents of this Brochure, please contact Mark Gottlieb, at 212-474-8800 or by email at [compliance@visiumfunds.com](mailto:compliance@visiumfunds.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority, and references in this Brochure to Catalyst as a "registered investment adviser" are not intended to imply a certain level of skill or training.

Additional information about Catalyst is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **ITEM 2 – MATERIAL CHANGES**

This is the eighth version of Catalyst's Brochure. The last update of the Brochure was issued on March 30, 2016. Included in this Brochure are the following material changes since the March 30, 2016 update:

1. Mark Gottlieb has been named Chief Compliance Officer, effective January 1, 2017

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## ITEM 4 – ADVISORY BUSINESS

### Structure; History And Ownership

Catalyst Investment Management, L.L.C. ("Catalyst" or the "firm"), a Delaware limited liability company, was founded on January 1, 1998. The firm provides discretionary investment advisory services, managing and directing the investment and reinvestment of assets for event-driven private funds exempt from registration as investment companies under Section 3(c)(7) of the Investment Company Act of 1940, as amended (the "Funds" or "Advisory Clients").

On June 1, 2011, Catalyst entered into a sub-advisory agreement (the "Sub-Advisory Agreement") with Visium Asset Management, LP, a Delaware limited partnership ("Visium"), pursuant to which Catalyst delegated to Visium certain investment advisory, administrative, and support services. Catalyst has no employees. **Unless the context dictates otherwise, references in this Brochure to "Catalyst" shall denote Catalyst, acting through its sub-adviser, Visium.**

As of December 31, 2015, Catalyst liquidated all of the liquid assets held in Visium Catalyst Master Fund, Ltd. All of Catalyst's Advisory Clients are currently in liquidation. None of Catalyst's Advisory Clients is open to new investment.

Catalyst's principal place of business is 888 Seventh Avenue, 22<sup>nd</sup> Floor, New York, New York 10019.

Catalyst is privately owned. The members of Catalyst are Visium Catalyst Event IM, LLC, a Delaware limited liability company ("Event IM"), and Visium Catalyst Credit IM, LLC ("Credit IM"), a Delaware limited liability company. The sole member of Event IM is Visium. The members of Credit IM are Visium and Bradley Levie. The principal owner of Visium is Jacob Gottlieb.

### Types Of Advisory Services

Catalyst performs the following investment advisory services on behalf of the Advisory Clients: (i) formulation of a continuing program for the liquidation of the assets of each Advisory Client in a manner consistent with such Advisory Client's investment objectives, policies and restrictions; (ii) collection and evaluation of such information relating to the economy, industries, businesses, securities markets and securities as it may deem necessary or useful in discharging its responsibilities to manage such liquidation; and (iii) determination of the securities to be sold by the Advisory Clients, and the implementation of those decisions, including the selection of entities with or through which such sales are to be effected.

Catalyst generally has broad and flexible investment authority with respect to the Advisory Clients, subject to investment objectives, policies and restrictions set forth in governing documents ("Governing Documents"): a confidential private offering memorandum or confidential explanatory memorandum provided to each investor in the Funds.

The illiquid assets held by the Advisory Clients include a wide range of financial instruments: long positions in U.S. and non-U.S. common stocks, preferred stocks, warrants and rights, corporate bonds, notes or other debentures or debt participations, limited liability company interests, convertible securities, and currency hedges.

Catalyst does not participate in wrap fee programs.

### **Assets Under Management**

As of March 1, 2016, Catalyst managed approximately \$25,900,000 of Advisory Client assets on a discretionary basis.

## **ITEM 5 – FEES AND COMPENSATION**

### **Management Fees**

Management fees payable to Catalyst vary by Fund and are established pursuant to each Fund's Governing Documents. Management fees, if charged to the Funds, are calculated as a percentage of capital under management, range from 1.5% to 2.0% per annum, and typically are payable and deducted from the assets of each such Fund quarterly in arrears or monthly in advance depending on Fund and share class. Because withdrawals or redemptions from the Funds are no longer possible, there is no occasion for refunds of prepaid management fees in the event of withdrawals or redemptions. All interests/shares held by investors in Visium Catalyst Fund, LP and Visium Catalyst Offshore Fund, Ltd. have been mandatorily withdrawn/redeemed. As remaining illiquid securities held by Visium Catalyst Master Fund, Ltd. are realized, investors will receive a pro rata share of the proceeds of realization. The value of such illiquid securities will be subject to continued appreciation and depreciation until their realization.

Catalyst in its discretion may waive or reduce management fees for certain large or strategic investors or for certain classes of investors, including affiliates of Catalyst and their employees.

### **Incentive Fees And Allocations**

Incentive fees payable to Catalyst or incentive allocations allocable to Catalyst or its affiliates vary by Fund and are established pursuant to each Fund's Governing Documents. Incentive fees and allocations generally are charged at year end at a rate of 20% of net annual profits to each Fund, or to capital accounts maintained by each Fund for its investors. Net profits generally include both realized gains and losses and unrealized appreciation and depreciation of securities held in the Funds' portfolios. Incentive fees and incentive allocations are generally subject to the following additional terms:

- Incentive fees and allocations are reduced by a loss carryforward limitation, which generally requires that prior unrecouped net losses be made up before incentive fees are paid or incentive allocations are made.
- If an investor withdraws or redeems from a Fund on a date other than a date on which the incentive fee or allocation is due, the incentive fee or allocation applicable to the withdrawal or redemption will be calculated and accrued on that date.

Catalyst in its discretion may waive or reduce incentive fees and allocations for certain large or strategic investors or for certain classes of investors, including affiliates of Catalyst and their employees.

### **Expenses**

Expenses paid by the Funds may include: management fees; legal, compliance, audit and accounting expenses (including third party accounting services); administrative fees and expenses; organizational

expenses; investment expenses such as commissions, research fees and expenses (including consulting expenses); interest on margin accounts and other indebtedness; borrowing charges on securities sold short; custodial fees; Fund-related insurance costs; Fund-related technology costs; a Fund's pro rata share of the expenses of the relevant master fund; directors' fees and expenses, including the cost of directors' insurance (for non-U.S. domiciled funds); and any other expenses related to the purchase, sale or transmittal of Fund assets. Please refer to Item 12 of this Brochure for a description of Catalyst's brokerage practices.

Each U.S. domiciled and non-U.S. domiciled Fund that is a feeder fund invests substantially all of its assets in a master fund through a "master-feeder" structure. Each feeder fund to a master fund will indirectly bear the administrative and other expenses of such master fund pro rata based on its ownership interest in such master fund.

The organizational expenses of each Fund have been paid by such Fund.

## **ITEM 6 - PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

As described in Item 5 above, Catalyst (or an affiliate) receives performance-based compensation from the Funds. Catalyst does not receive different rates of performance-based compensation from different Advisory Clients.

## **ITEM 7 – TYPES OF CLIENTS**

Catalyst provides investment advisory services to pooled investment vehicles operating as private investment funds.

The Funds no longer offer interests/shares to investors.

## **ITEM 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

Each Advisory Client's investment strategy is set forth in its Governing Documents, which describe the investment strategy, methods of analysis and risk of loss in more detail.

### **Investment Approach**

In general, Catalyst's investment approach depends on fundamental analysis, which is a method of evaluating a security that attempts to measure its intrinsic value by examining everything that can affect the value of that security, including macroeconomic factors (such as the overall economy and industry conditions) and company-specific factors (such as financial condition and management). The goal of fundamental analysis is to produce an intrinsic value that can be compared with the current price of the security in order to determine whether the security is currently overvalued or undervalued.

As part of this investment approach based on fundamental analysis, companies are evaluated with a view to determining accurate risk-reward profiles and high conviction levels. Catalyst tracks presentations, meetings, conferences, corporate actions, earnings calendars and development

schedules. Catalyst portfolio managers and analysts also attend trade shows and Wall Street investor conferences.

### **Investment Strategies**

The investment strategy most commonly employed by Visium on behalf of its Advisory Clients is event-driven, whereby portfolio managers seek to take advantage of announced or anticipated corporate events such as mergers and restructurings to profit from the mispricing of securities. All of Catalyst's Advisory Clients are currently in liquidation.

### **Risks**

An investment in an Advisory Client may be deemed speculative and is not intended as a complete investment program. Investing in the securities markets in general and in the Funds in particular involves significant risk. These investments are appropriate for only experienced and sophisticated persons who meet certain eligibility criteria, are able to bear the risk of loss of some or all of an investment, and have a limited need for liquidity.

### **Special Situations**

Certain Advisory Clients may invest in companies involved in (or the target of) acquisition attempts or tender offers or in companies involved in or undergoing work-outs, liquidations, spin-offs, reorganizations, bankruptcies or other catalytic changes or similar transactions. In any investment opportunity involving any such type of special situation, there exists the risk that the contemplated transaction either will be unsuccessful, will take considerable time or will result in a distribution of cash or a new security the value of which will be less than the purchase price to an Advisory Client of the security or other financial instrument in respect of which such distribution is received. Similarly, if an anticipated transaction does not in fact occur, an Advisory Client may be required to sell its investment at a loss. Because there is substantial uncertainty concerning the outcome of transactions involving financially troubled companies in which an Advisory Client may invest, there is a potential risk of loss by an Advisory Client of its entire investment in such companies.

### **Equities**

Advisory Clients' investment portfolios include positions in common stocks, preferred stocks, and convertible securities of U.S. issuers and non-U.S. issuers. Advisory Clients also invest in depository receipts relating to non-U.S. securities. Equity securities fluctuate in value in response to many factors, including the activities and financial condition of individual companies, the business market in which individual companies compete and industry market conditions and general economic environments.

### **Non-U.S. Securities**

Catalyst invests in non-U.S. securities. Investing in securities of non-U.S. governments and companies that are generally denominated in non-U.S. currencies and utilizing options on non-U.S. securities may be riskier than investing in securities (or derivatives thereof) of the United States Government or United States companies. These greater risks include changes in exchange rates and exchange control regulations, political and social instability, expropriation, imposition of foreign taxes, less liquid markets and less available information than is generally the case in the United States, higher transaction costs, foreign governmental restrictions, less governmental supervision of exchanges, brokers and issuers,

greater risks associated with counterparties and settlement, difficulty in enforcing contractual obligations, lack of uniform accounting and auditing standards and greater price volatility.

### **Options**

Catalyst utilizes options strategies. The purchase or sale of an option involves the payment or receipt of a premium by the investor and the corresponding right or obligation, as the case may be, to either purchase or sell the underlying security, commodity or other instrument for a specific price at a certain time or during a certain period. Purchasing options involves the risk that the underlying instrument will not change price in the manner expected, so that the investor loses its premium. Selling options involves potentially greater risk because the investor is exposed to the extent of the actual price movement in the underlying security rather than only the premium payment received (which could result in a potentially unlimited loss). Over-the-counter options also involve counterparty solvency risk.

### **Bank Loans, Term Loans, Fixed and Floating Rate Loans, and Participations and Assignments**

A Fund may invest in fixed- and floating-rate loans ("Loans") arranged through private negotiations between a corporate borrower and one or more financial institutions ("Lenders"). Loans are typically variable-rate loans made by financial institutions to companies that are generally considered to have low credit quality. Borrowers enter into these Loans to raise capital for a several reasons, including, recapitalizations, debt refinancing, or to make acquisitions. Loans are called "floating-rate" because the interest paid on the loans adjusts periodically (usually every 30-90 days), based on changes in widely accepted reference rates, such as LIBOR plus a predetermined credit spread over the reference rate. The Loans are typically classified as senior debt, and are usually collateralized by specific assets, like the borrower's inventory, receivables or property. Loans are usually senior to bondholders, preferred stock holders and common stock holders in the borrower's capital structure.

Loans are arranged through private negotiations between a borrower and one or more lenders (financial institutions). The lenders are represented by an agent(s) that is typically a commercial or investment bank (each an "Agent Bank," and collectively, "Agent Banks"). The Agent Bank originates the Loans and invites other parties (including the Funds) to join the lending syndicate. Typically, one Agent Bank has the primary responsibility for documentation and administration of the Loan. Agent Banks are also responsible for negotiating the Loan agreement ("Agreement"), which establishes the terms and conditions of the Loan and the rights of the borrower and lenders. The Funds rely on the Agent Banks to collect payments of principal and interest on the Loans. Loan ownership interests are evidenced by the Agreements. Loans are similar to derivative instruments and private placements; there are no share certificates or notes evidencing ownership.

### **Illiquid Securities**

A Fund may hold illiquid investments. Illiquid investments are generally investments that cannot be sold or disposed of in the ordinary course of business within seven (7) days at approximately the price at which they are valued. Illiquid investments generally include: securities for which market quotations are not readily available; certain loan participation interests; restricted securities; OTC options and derivative instruments, and, in certain instances, their underlying collateral. It should be noted that not all "restricted securities" are illiquid securities.

Reduced liquidity in the secondary market for illiquid securities may make it difficult or impossible for the Funds to obtain market quotations based on actual transactions for purposes of valuing the Funds' shares. Significant withdrawals or redemptions from a Fund with investments in illiquid securities create



the risk that these illiquid securities may be sold at substantial discounts to raise cash to satisfy withdrawal and redemption requests, that withdrawal and redemption requests may be partially or wholly satisfied with distributions in kind, that payment of withdrawal and redemption proceeds may be delayed until the illiquid securities can be liquidated, and that the exposure of those investors remaining in the Fund to illiquid securities may substantially increase.

### **Derivatives**

Catalyst utilizes derivatives strategies. To the extent that an Advisory Client invests in swaps, derivative or synthetic instruments, repurchase agreements or other over-the-counter transactions or, in certain circumstances, non-U.S. securities, such Advisory Client may take on credit risk with regard to parties with whom it trades and may also bear the risk of settlement default. These risks may differ materially from those entailed in exchange-traded transactions that generally are backed by clearing organization guarantees, daily marking-to-market and settlement, and segregation and minimum capital requirements applicable to intermediaries. Transactions entered directly between two counterparties generally do not benefit from such protections and expose the parties to the risk of counterparty default. It is expected that all securities and other assets deposited with custodians or brokers will be clearly identified as being assets (directly or indirectly) of the Advisory Client, and hence the Advisory Client should not be exposed to credit risk with regard to such parties. However, it may not always be possible to achieve this segregation, and there may be practical or time problems associated with enforcing rights to its assets in the case of an insolvency of any such party.

### **Corporate Debt Obligations**

Certain Advisory Clients invest in corporate debt obligations, including commercial paper. Corporate debt obligations are subject to the risk of an issuer's inability to meet principal and interest payments on the obligations (credit risk). Catalyst may intend to actively expose certain Advisory Clients to credit risk. However, there can be no guarantee that Catalyst will be successful in making the right selections and thus fully mitigate the impact of credit risk changes on the Advisory Clients.

### **Distressed Securities**

Catalyst may invest in "distressed securities" -- securities, private claims and obligations of companies that are experiencing significant financial or business difficulties. Investments may include loans, commercial paper, loan participations, trade claims held by trade or other creditors, stocks, partnership interests and similar financial instruments, executory contracts and options or participations therein not publicly traded. Distressed securities may result in significant returns to an Advisory Client, but also involve substantial risk. An Advisory Client may lose a substantial portion or all of its investment in a distressed environment or may be required to accept cash or securities with a value less than that of the original investment. Among the risks inherent in investments in entities experiencing significant financial or business difficulties is the dearth of accurate and reliable information about such issuers. Distressed investments also may be adversely affected by state and federal laws relating to, among other things, fraudulent conveyances, voidable preferences, lender liability and the bankruptcy court's discretionary power to disallow, subordinate or disenfranchise particular claims. The market prices of such instruments are also subject to abrupt and erratic market movements and above average price volatility, and the spread between the bid and asked prices of such instruments may be greater than normally experienced. In trading distressed securities, litigation sometimes arises. Such litigation can be time-consuming and expensive, and can frequently lead to unpredicted delays or losses.

## ITEM 9 – DISCIPLINARY INFORMATION

This item is not applicable to Catalyst.

## ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Catalyst serves as the investment manager to the Funds. Catalyst and its related persons may also invest directly in any one, some or all of the Funds. It should be noted that investments in the Funds made by such parties may not be subject to management fees or incentive fees or allocations.

Brad Levie, a Catalyst portfolio manager, serves without remuneration as a director of Visium Catalyst Offshore Fund, Ltd. and Visium Catalyst Master Fund, Ltd. He is also the principal owner of Echelon Management, LLC and Echelon Asset Management, LLC, which function as the general partner and investment manager, respectively, of pooled investment vehicles (the "Distressed Mortgage Funds") that are currently in liquidation. Mr. Levie serves without remuneration as a director of the offshore Distressed Mortgage Funds.

Catalyst controls, is controlled by, or is under common control with each of the following entities. Entities marked with an asterisk are general partners of U.S. domiciled pooled investment vehicles.

- Visium Asset Management, LP
- JG Asset, LLC
- JG Asset II, LLC
- Visium Capital Management, LLC\*
- Visium Global Advisors, LLC\*
- Visium Alpha Advisors, LLC\*
- Visium Credit Advisors, LLC\*
- Visium Institutional Advisors, LLC\*
- Catalyst Capital Management, L.L.C.\*
- Visium Catalyst Credit GP, LLC
- Visium Catalyst Credit IM, LLC
- Visium Catalyst Event GP, LLC
- Visium Catalyst Event IM, LLC
- Visium Asset UK LLP
- Visium UK Limited
- Visium Fund Management, LP
- Visium Healthcare Advisors, LP\*
- Visium Healthcare Partners Cayman GP, Limited\*

Catalyst serves as investment manager to the following Funds and special purpose vehicles ("SPVs"):

- Visium Catalyst Event Driven Offshore Fund, Ltd.
- Visium Catalyst Event Driven Master Fund, Ltd.
- Visium Catalyst Fund, LP

- Visium Catalyst Offshore Fund, Ltd.
- Visium Catalyst Master Fund, Ltd.
- VC Special Holdings, LLC
- VC Bioholdings, LLC
- Catalyst Senior Income Fund, LLC

The possibility of a conflict of interest exists in that some of Catalyst's owners, officers, employees and their related persons invest directly in one or more of the Funds. They may have an incentive to trade the portfolios of those Advisory Clients in which they and their related persons have investments first.

To attempt to address this conflict of interest, Catalyst has adopted policies and procedures on equitable trade allocation and trade aggregation. To the extent a particular liquidation trade is suitable for more than one Advisory Client, such transaction will be allocated among such Advisory Clients pro rata based on assets under management or in some other manner that Catalyst determines is fair and equitable under the circumstances to all affected Advisory Clients. For further detail please see the trade aggregation section in Item 12.

## **ITEM 11 – CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

### **Code of Ethics; Personal Trading**

Catalyst's Code of Ethics (the "Code") is designed to meet the requirements of Rule 204A-1 of the Investment Advisers Act of 1940, as amended ("Advisers Act"). The Code applies to Catalyst's "Access Persons" and sets forth a standard of business conduct that takes into account Catalyst's status as a fiduciary and requires Access Persons to place the interests of Advisory Clients and investors above their own interests. The Code requires Access Persons to comply with applicable federal securities laws. Further, Access Persons are required to promptly bring violations of the Code to the attention of Catalyst's Chief Compliance Officer. All Access Persons are provided with a copy of the Code and are required to acknowledge receipt of the Code on at least an annual basis.

The Code also sets forth certain reporting and pre-clearance requirements with respect to personal trading by Access Persons. Catalyst's Access Persons must provide Catalyst's Chief Compliance Officer with a list of their personal accounts and an initial holdings report within 10 days of becoming an Access Person. In addition, Catalyst's Access Persons must provide annual holdings reports and quarterly transaction reports in accordance with Advisers Act Rule 204A-1. Except in limited circumstances, Catalyst employees are not permitted to make personal securities transactions in individual stocks and bonds. Non-discretionary accounts are permitted, and may include investments in registered investment companies (including ETFs) and private funds. Transactions in limited offerings, such as hedge funds, and initial public offerings present the potential for a conflict of interest in that an employee could appropriate for himself or herself an investment opportunity available to an Advisory Client. Transactions in limited offerings and initial public offerings must be pre-cleared with Catalyst's Chief Compliance Officer. The Chief Compliance Officer also reviews Access Persons' personal transaction and holdings reports to make sure each Access Person is conducting his or her personal securities transactions in a manner that is consistent with the Code.

In addition, the Code seeks to ensure the protection of nonpublic information about the activities of the Funds. Investors or prospective investors may obtain a copy of Catalyst's Code by contacting the Compliance Team at [compliance@visiumfunds.com](mailto:compliance@visiumfunds.com).

### **Participation or Interest in Client Transactions**

As explained in Item 10 above, Catalyst serves as the investment manager to the Funds. Catalyst and related persons may also invest directly in any one, some or all of the Funds. Investments in the Funds made by such parties are not subject to management fees or incentive allocations.

Any significant ownership interest by Catalyst, its affiliates, and their related persons in a Fund could motivate Catalyst to make different investment decisions from those which would have been made in the absence of such possible conflict of interest. For example, Catalyst portfolio managers may have an incentive to trade the portfolios of those Advisory Clients in which they and their related persons have investments first. Catalyst (or an affiliate) charges the Funds management and performance-based fees. The management fee is payable without regard to the overall success or income earned by the Funds and therefore may create an incentive on the part of Catalyst to prolong the liquidation process. Performance-based compensation may also create an incentive for Catalyst to prioritize capital appreciation over the return of capital to investors in the Funds.

Catalyst, the Advisory Clients, their affiliates, and each of their respective directors, members, partners, shareholders, officers, employees, agents and affiliates may conduct other business, including other business within the securities industry, whether or not such business is in competition with the Advisory Clients. For example, such affiliated parties may act as general partner, investment adviser or investment manager for others, may manage funds, separate accounts or capital for others, may have, make and maintain investments in their own name or through other entities and may serve as an officer, director, consultant, partner or stockholder of one or more investment funds, securities firms or advisory firms. Such other entities or accounts may have investment objectives or may implement investment strategies similar to or different from those of the Advisory Clients. In addition, affiliated parties may, through other investments, have interests in the securities in which the Advisory Clients invest as well as interests in investments in which the Advisory Clients do not invest. The affiliated parties may give advice or take action with respect to such other entities that differs from the advice given or action taken with respect to an Advisory Client. To the extent a particular investment is suitable for both an Advisory Client and other clients of the affiliated parties, such investment will be allocated between such Advisory Client and other clients pro rata based on assets under management or in some other manner that is fair and equitable under the circumstances to all clients, including the given Advisory Client.

Catalyst's affiliated parties may have conflicts of interest in allocating their time between management of the Advisory Clients and other activities, in allocating investments among the Advisory Clients, and in effecting transactions for the Advisory Clients, including ones in which the affiliated parties may have a greater financial interest.

From the standpoint of an Advisory Client, simultaneous identical portfolio transactions for such Advisory Client and the other clients may tend to decrease the prices received, and increase the prices required to be paid, by such Advisory Client for its portfolio sales and purchases. Where less than the maximum desired number of shares of a security to be purchased is available at a favorable price, the shares purchased will be allocated among the Advisory Client and the other clients in an equitable manner. Further, it may not always be possible or consistent with the investment objectives of the various persons or entities described above and of the Advisory Client for the same investment positions

to be taken or liquidated at the same time or at the same price. However, all transactions will be made on a “best execution” basis.

Catalyst may in limited circumstances effect “cross” transactions between an Advisory Client and clients of affiliated parties, if permitted by applicable law. In a “cross” transaction, one fund purchases securities held by another fund. Such cross transactions may occur for tax purposes, liquidity purposes or to reduce transaction costs that may arise in an open market transaction. Any cross transaction effected for these reasons must be reviewed by the Chief Compliance Officer. Whenever Catalyst engages in a cross transaction, it will determine that the transaction is in the best interests of the Advisory Client and will price the transaction at the end-of-day price for the relevant instrument, which will be the same price for both buyer and seller. Generally cross transactions will only occur with securities for which there is a readily available market price. To the extent that a cross transaction is proposed involving positions for which there is not a readily available market price, such transactions must be reviewed by the Chief Compliance Officer before the trade occurs (even if it is for the purposes of rebalancing). In addition, Catalyst will not receive any fees if it effects a cross transaction (although if a cross trade is conducted through a market, then a fee or commission may be charged to the Advisory Client by the relevant broker).

### **Insider Trading**

Catalyst forbids any employee from trading, either personally or on behalf of others, including Advisory Clients, on material non-public information ("MNPI") or communicating MNPI to others in violation of the law. This conduct is frequently referred to as “insider trading.” Catalyst’s policy applies to every Employee and extends to activities within and outside his or her duties at Catalyst.

Catalyst’s Compliance Department maintains a list of issuers whose securities may not be traded by Catalyst or any of its employees on behalf of any personal, firm proprietary or Advisory Client account (the "Restricted List"). The basis for inclusion of an issuer on the Restricted List is that one or more employees have come into contact with MNPI concerning that issuer. The contents of the Restricted List, including the presence of an issuer’s name on the Restricted List, is highly confidential information and may not be communicated to anyone outside of Catalyst or to any Catalyst employee on the other side of formally established information barriers ("Chinese Walls"). Issuers may only be added or removed from the Restricted List by a member of the Compliance Department.

### **Gifts and Entertainment**

Catalyst employees are not permitted to accept excessive benefits or gifts in the context of their business activities. If an employee receives or is offered a benefit or gift from a third-party business contact and if the estimated value of that gift or benefit (or aggregate gifts or benefits received from one business contact over a one-year period) is in excess of \$300, then he or she is required to promptly notify the Compliance Department. The Compliance Department may require that any such gifts be returned or donated to a charitable organization or that the third party be compensated (by the employee) for the value of the benefit received.

Conversely, Catalyst employees are prohibited from giving gifts that may be deemed excessive, and must obtain pre-approval from the Compliance Department to give any gift with an estimated value in excess of \$300 to any investor, prospective investor or any individual or entity with which Catalyst is doing or seeking to do business.

Employees may treat (or be treated by) third-party business contacts to normal business meals or furnish them (or be furnished by them) with tickets to events (such as dinners, sporting events and concerts) provided that: (1) business matters are actually discussed during the meal or event; and (2) the third-party business contact is actually present during the meal or event. However, Employees are required to promptly notify the Compliance Department if any business entertainment meal or event (whether paid for by Catalyst or by the business or potential business counterparty) has a fair market value in excess of \$500.

## **ITEM 12 – BROKERAGE PRACTICES**

### **Research and Other Soft-Dollar Benefits**

As of December 31, 2015, Catalyst liquidated all of the liquid assets held in Visium Catalyst Master Fund, Ltd. All of Catalyst's Advisory Clients are currently in liquidation. None of Catalyst's Advisory Clients are actively trading or open to new investments. As remaining illiquid securities held by Visium Catalyst Master Fund, Ltd. are realized, investors will receive a pro rata share of the proceeds of realization. The value of such illiquid securities will be subject to continued appreciation and depreciation until their realization.

In accordance with the "safe harbor" afforded by Section 28(3) of the Securities Exchange Act of 1934, as amended, the only products or services other than execution that Catalyst receives from broker-dealers in connection with securities transactions on behalf of Advisory Clients are research-related: proprietary research (created or developed by the broker-dealer), access to issuers' senior management or investment conferences arranged by such broker-dealers, and research created or developed by a third party.

Catalyst recognizes its duty to obtain "best execution" on behalf of its Advisory Clients. Accordingly, Catalyst is solely responsible for selecting the broker-dealer used in each transaction instituted by Catalyst for the Advisory Clients and for negotiating the fees to be paid to the broker-dealer in connection with such transactions. Although the primary consideration in allocating portfolio transactions to broker-dealers will be to obtain favorable prices and efficient executions, Catalyst does not have an obligation to, and does not always seek to, obtain the lowest priced execution regardless of qualitative considerations.

### **Brokerage for Client Referrals**

Catalyst no longer participates in "capital introduction" programs organized or sponsored by certain prime or executing brokers to the Funds or affiliates of such prime or executing brokers, which programs may include the prime or executing brokers or their affiliates introducing Catalyst to potential investors with which the prime or executing broker or its affiliate have a pre-existing relationship.

### **Trade Aggregation**

In managing Advisory Client portfolios, Visium, acting as sub-adviser to Catalyst, will generally seek to aggregate trades, subject to best execution. Aggregation opportunities generally arise when more than one Advisory Client is capable of purchasing or selling a particular security based on investment objectives, available cash and other factors. Visium may aggregate Advisory Client orders when doing so will result in a better overall price for Advisory Client trades. No Advisory Client will be favored over any other Advisory Client; each Advisory Client that participates in an aggregated order will participate at

the average price for all of Visium's aggregated transactions in that security on a given business day, with transaction costs shared pro rata based on each Advisory Client's participation in the transaction.

Visium will not aggregate orders when it is not consistent with its duty to obtain best execution and to comply with the terms of the investment guidelines and restrictions of each Advisory Client for which trades are being aggregated. Trades may not be aggregated when portfolio managers send trade orders directly to Visium's execution traders and the traders are unaware of other orders in the same security.

### **Trade Errors**

Pursuant to the various exculpation and indemnification provisions of each Fund's Governing Documents, Catalyst generally will not be liable to the Funds for any act or omission, absent bad faith, willful misconduct or gross negligence, and the Funds generally will be required to indemnify such persons against any losses they may incur by reason of any act or omission related to the Funds, absent bad faith, willful misconduct or gross negligence. As a result of these provisions, the Fund (and not Catalyst) will be responsible for any losses resulting from trading errors and similar human errors, absent bad faith, willful misconduct or gross negligence. Trading errors might include, for example, (i) the placement of orders (either purchases or sales) in excess of the intended amount of securities or instruments; (ii) the sale of a security or instrument when it was intended to have been purchased; (iii) the purchase of a security or instrument when it was intended to have been sold; (iv) the purchase or sale of the wrong security or instrument; (v) the purchase or sale of a security or instrument contrary to regulatory restrictions, like Regulation S or private placement restrictions, or Fund investment guidelines or restrictions; and (vi) the allocation of a security or instrument to an account for which it is not suitable. Given the low volume of transactions executed by Catalyst on behalf of the Funds, Catalyst expects that the risk of trade errors is low. In determining whether Catalyst's personnel have satisfied the standard of care such that the Funds are responsible for a loss resulting from a trade error, Catalyst will have a conflict of interest between its economic interest and the economic interest of the Funds. The determination of whether Catalyst's personnel have satisfied their standard of care will not be based solely on the conduct of the specific Catalyst personnel with respect to the specific trade error at issue, but rather in the overall context of the control and compliance environment of Catalyst as it relates to trading activity.

## **ITEM 13 – REVIEW OF ACCOUNTS**

The Advisory Client portfolios are under continuous review by the portfolio manager responsible for such account and/or the CIO. Such reviews include a review of investment policy, the suitability of the investments used to meet policy objectives, cash availability, and investment objectives. Portfolio managers consider, among other things, investment performance, the portfolio's sensitivity to market changes, and whether anything has changed subsequent to an initial investment decision that impacts the risk or potential return.

Further, Catalyst's Compliance Department and Risk Department periodically review trading and portfolio holdings to monitor compliance with investment restrictions established by Governing Documents and/or applicable law.

Generally, Fund investors and Managed Accounts will receive written quarterly reports of performance, quarterly statements from the administrator and Funds' annual audited financial statements.

## **ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION**

Catalyst does not have any arrangements with third parties whereby Catalyst compensates such third parties for referring clients or investors to Catalyst.

## **ITEM 15 – CUSTODY**

Catalyst and its affiliates are deemed to have custody by virtue of their status as investment manager or general partner, respectively, of the Funds. The qualified custodians for the Funds are Morgan Stanley & Co., Inc. (1221 Avenue of the Americas, 28th Floor, New York, NY 10020), Goldman, Sachs & Co. (200 West Street, 3rd Floor, New York, NY 10282), State Street Bank and Trust Company (1 Lincoln Street, Floor 1, Boston, MA 02111) and Bank of New York Mellon (1 Wall Street, 14th Floor, New York, NY 10286). Advisory Clients receive monthly and in some cases more frequent account statements from qualified custodians. These account statements are carefully reviewed by Catalyst on behalf of its Advisory Clients.

In preparing quarterly statements for investors, a Fund's administrator will seek to reconcile differences between its books and records and those of the relevant qualified custodians. Investors receive quarterly account statements from the relevant administrator and should carefully review beginning and ending account balances, net asset values, and the record of subscriptions/contributions and redemptions/withdrawals.

Investors receive audited financial statements for their respective Funds within 120 days of the end of such Funds' fiscal year (i.e., by April 30).

## **ITEM 16 – INVESTMENT DISCRETION**

As established by limited partnership agreements, investment management agreements, and trading advisory agreements or similar agreements, Catalyst and its affiliates have discretionary authority to manage its Advisory Clients' assets in accordance with the investment guidelines, policies and restrictions set forth in Governing Documents.

Catalyst is authorized to make purchase and sale decisions for its Advisory Clients. As explained in Item 4 above, each Advisory Client's investment strategy is set forth in detail in Governing Documents.

## **ITEM 17 – VOTING CLIENT SECURITIES**

Catalyst understands and appreciates the importance of ensuring that its proxy voting procedures are clearly described to its Advisory Clients and Investors.

Pursuant to a Master Services Agreement ("MSA"), Catalyst has engaged with Institutional Shareholder Services ("ISS"), an independent third party, to provide end-to-end proxy voting services. Under the MSA, Catalyst has given its implied consent to ISS to execute proxy ballots as the ISS research and vote recommendations are completed. Nevertheless, Catalyst retains the ability to override ISS's specific vote recommendations if Catalyst, in the exercise of its best judgment, concludes that such vote recommendations would not be in the best interest of one or more Advisory Clients.

The general policy is to vote proxy proposals, amendments, consents or resolutions relating to Advisory Client securities (collectively, "proxies"), in a manner that serves the best interests of the Advisory



Clients, as determined by Catalyst in its discretion, and taking into account relevant factors, including, but not limited to:

- the impact on the value of the securities;
- the anticipated costs and benefits associated with the proposal;
- the effect on liquidity; and
- customary industry and business practices.

Catalyst may abstain from voting (which generally requires submission of a proxy voting card) or affirmatively decide not to vote if it determines that abstaining or not voting is in the best interests of the Advisory Client. In some foreign markets where proxy voting demands fee payment for agent services, Catalyst will balance the cost and benefit of proxy voting and may abstain from voting if the cost associated is greater than the benefits from voting.

At times, conflicts may arise between the interests of the Advisory Clients, on the one hand, and the interests of Catalyst or its affiliates, on the other hand. If Catalyst determines that it has, or may be perceived to have, a conflict of interest when voting a proxy, it will address matters involving such conflicts of interest as follows:

- a. If Catalyst believes it is in the best interest of the Advisory Clients to depart from the specific policies provided for herein, it will be subject to the requirements of (b) or (c) below, as applicable;
- b. If there is a potential conflict of interest between Catalyst and one or more Advisory Clients, Catalyst may vote such proxy as it determines to be in the best interest of such Advisory Clients, without taking any action described in (c) below, provided that such vote would be against Catalyst's own interest in the matter (i.e., against the perceived or actual conflict); and
- c. If there is a potential conflict of interest between Catalyst and one or more Advisory Clients, and Catalyst believes it should vote in a way that may also benefit, or be perceived to benefit, its own interest, then it must take one of the following actions in voting such proxy: (1) delegate the voting decision for such proxy proposal to an independent third party; (2) delegate the voting decision to an independent committee of partners, members, directors or other representatives of the affected Advisory Clients; (3) inform the Advisory Clients of the conflict of interest and obtain consent to (majority consent of investors in the case of a Fund) vote the proxy as recommended by Catalyst; or (4) obtain approval of the decision from Catalyst's Chief Compliance Officer.

If investors have any questions about Catalyst's proxy voting policies and procedures or how Catalyst has voted specific proxies, they should contact Catalyst's Compliance Team, at [compliance@visiumfunds.com](mailto:compliance@visiumfunds.com).

## **ITEM 18 – FINANCIAL INFORMATION**

Catalyst is not currently aware of any financial condition that is reasonably likely to impair its ability to meet contractual commitments to its Advisory Clients.